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UN SECRETARIAT DOWN-SIZING

Denis HALLIDAY, United Nations Assistant Secretary-General for Human Resources Management, discusses the current down-sizing of the United Nations Secretariat, which has been undertaken in response to the financial crisis. The UN General Assembly recently approved an increase in the vacancy rate to 6.4 per cent as well as asking for additional financial cuts. Between 800 to 1000 staff members will be released. The staff reduction will be met through early retirement and buy-outs as well as involuntary separation, using staff performance as the major criterion. A new performance appraisal system and management training programme have been introduced to enhance the productivity and performance of the staff and management. Mr. Halliday believes that, in spite of the financial difficulties, the Organization will not shut down and staff will not be furloughed. On the subject of gender equality, he points out that the Professional Category is now close to 35 per cent female and that more women are being hired in decision-making positions. Sexual harassment and dead-beat dads are not tolerated in the UN Secretariat.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

It is common knowledge that the United Nations is suffering from an acute financial crisis. The lack of sufficient cash flow from the Member States has pushed the world organization to the brink of insolvency. Today, the United Nations is under pressure to reshape its priorities and adapt to new realities with less financial and human resources. But can the Organization survive the current cash crisis? And, if so, can it continue to function efficiently and effectively?

Our guest today is most qualified to address the efforts of the UN Secretariat to improve performance and increase cost-effectiveness. He is Denis Halliday, Assistant Secretary-General for Human Resources Management. Joining me to talk with Mr. Halliday are Trevor Rowe of National Public Radio and Afsane Bassir Pour of *Le Monde*.

Mr. Halliday, welcome to World Chronicle.

HALLIDAY: Thank you.

LITTLEJOHNS: Mr. Assistant Secretary-General, you have a reputation as an innovator and a humane head of your Department. But, in all my years in the United Nations, I've never known a time when morale was lower and people were more fearful for their jobs. And there's a general atmosphere about the place that dedicated, quite motivated people might be let go, and some stumble-bums – because that's the nature of things – might remain. What can you do to allay these fears, and what are you doing to improve the situation, both in terms of efficiency and cost effectiveness, as we mentioned in the introduction?

HALLIDAY: That's a very long question, but I'll try to respond. We've just had, I think, a breakthrough in our relations with the staff in the staff-management process. We've gone through three days of intensive discussions on how to deal with this problem of, quote, "down-sizing", unquote. And we've agreed that we will use performance as the paramount criterion. Now, this is a very important change. And it allows us to draw on the Charter, which emphasizes competence and efficiency in particular, and to do some comparative analysis whereby when we do have to reduce posts those staff who stay will be the best and those who go will be the less successful members of the team. So this is a dramatic change. So I think we can avoid the problem, which I understand is perceived to have taken place in the '80s, whereby those who perhaps were tired and should have moved on did not necessarily do so.

LITTLEJOHNS: This is an international organization, of course, and people have particular problems because many of the non-American staff, perhaps most, perhaps even all, are here with visas which only allow them to work for the United Nations or some other international organization. Many of them are family persons who have children in school. How can you deal with a situation like that if you're going to down-size?

HALLIDAY: Yes, you're quite right. Both our international hires and our local hires here in New York City, many of them indeed are on G-4 visas. Therefore this is much more than simply employment and income. It does impact, or will impact on their families in terms of education for their children and future prospects for those same children and the extended family. So we have a very special problem here, which we are trying to respond to as humanely as we possibly can. We've spoken with this host country Government and others throughout the global Secretariat to ask their assistance in extending visa status to allow people to adjust to this unexpected change, and to possibly give us assistance in training, retraining, some settlement or placement, job opportunities. And I think we're getting some response. So there's hope that we can respond to this rather urgent and difficult family issue.

ROWE: There's some confusion as to what the effect of these lay-offs is going to be. First of all, the numbers – nobody has a precise set of numbers. But more fundamentally, what is the impact on the Organization? Is this deadwood that is being sent out to pasture, or are these hard-working people who are going to be sorely missed, whose loss will impact on the Organization's functioning?

HALLIDAY: Deadwood is an expression I would not like to use or get into. I don't think we really have that problem in the United Nations. We're well staffed with some extraordinary, talented and educated people. But we do have the problem of the resolutions of the General Assembly, 214 and 215 in particular, which have demanded two things: one is that we find overall cost savings for the Secretariat of about $154 million, and at the same time we somewhat artificially raised the vacancy rate to 6.4 per cent on average, both for Professional and General Service. So we have two targets here: reduce the number of posts and therefore the number of people, and find savings at the same time.

ROWE: What is the practical impact of that on the workings of the Organization?

HALLIDAY: Well, quite clearly, if we are obliged to separate some 10 per cent, 1,000 individuals, in the next 6 to 12 months, our ability to respond and maintain the same sort of level of workload is a question mark. Now we're addressing that by introducing an efficiency programme which is obliging people to use what is a TQM system, that's Total Quality Management technique, where you invite staff, bottom up, to look at the work that they do and find means and ways of doing it better and more efficiently with less paper and

less time lags and so on. So we're looking at efficiency to see if we can indeed do the same with less without impacting on the mandates and programmes.

ROWE: So just to be clear on this, you say that you might be able to continue as well as you were before, that you may adapt? Or this is going to be a problem?

HALLIDAY: Well, I think we're determined, the SG is determined not to damage the mandates and the instructions that we have from the Member States. At the same time, there's going to be some delays, some slower progress, maybe some reports will not be prepared, maybe some work will not take place on schedule. But the pace –

LITTLEJOHNS: That's already happening, in fact, isn't it?

HALLIDAY: Yes, that is true. I think it's impacting on Conference Services, impacting on a number of the economic and social development areas where we're beginning to slow down for lack of capacity.

BASSIR POUR: Speaking about Member States, can you just lay these people off without some kind of confrontation with the countries they come from? Do you have a problem on that front?

HALLIDAY: No, I don't believe so. I think our Member States are, after all, the source of these resolutions and have placed this burden upon the Secretary-General, and they hopefully will help us to resettle individuals, not in fact undermine our efforts.

BASSIR POUR: So you haven't – there hasn't been any pressure from Member States saying why are a certain number of my countrymen being laid off? You haven't had that?

HALLIDAY: Well, we haven't reached that point yet, first of all. But secondly, we are obliged, and will try, to sustain gender balance, first of all, and also geographical balance when we do this separation process.

BASSIR POUR: If I may continue, the gender balance you mention, there's an ambitious goal of 50 per cent women, I understand, by the end of the decade. How are we doing on that? I know you have hired a number of prominent women. Could you tell us a bit on how you're doing on gender?

HALLIDAY: Yes, we're very close now to 35 per cent across the Professional ranks, but at the senior-most levels we're still only about 17 per cent. So we have a long way to go. But if I may speak a little personally, in the Office of Human Resources we've had a recent breakthrough in the sense that we're bringing in three very able senior women colleagues at the D-1 level, and that's going to start changing our own way of doing business, and that's a very positive sign as far as I'm concerned.

LITTLEJOHNS: Are these women promoted from within, or are they –

HALLIDAY: Yes, they are. They're colleagues within the Organization.

LITTLEJOHNS: Because there's actually a hiring freeze, isn't there, on – ?

HALLIDAY: Yes, there is, except where exceptions are required because of specialist needs, and also we are sustaining the intake at the P-2 level through national competitive examinations.

LITTLEJOHNS: That's the lowest Professional level.

HALLIDAY: That's right, that's the entry point.

BASSIR POUR: What will these women you just mentioned be doing?

HALLIDAY: Well, one is taking over the whole area of training, examinations, career development, performance management; another will take over the area of the common system, compensation, classification and litigation; the third is the focal point for women, another key role in this area of trying to get the gender balance issue resolved by the year 2000.

LITTLEJOHNS: What does that mean, focal point for women?

HALLIDAY: That's a function within my own office whereby we keep the conscience of the Organization focused on the need for gender balance, and underline that this is not a statistical game, this is recognition that, if you want the best decisions, you need a balanced decision-making process, and that means you have a mix, a proper mix of men and women.

ROWE: Getting back to the numbers, Joseph Connor, who's basically designing this series of cuts that we're going to be seeing, mentioned a figure of 1,150 jobs that are going to be eliminated, we don't know exactly how. But the Secretary-General, Boutros Boutros-Ghali, never endorsed that figure. So what number of jobs are we really talking about? How many people are going to be affected in what is going to be surely a – could be a process which is not as cruel as it initially seemed to be, it's going to be through –

HALLIDAY: I think one thing to keep in mind is that despite the fact that 1,000 jobs is approximately 10 per cent, 90 per cent of the staff will still be functioning, and hopefully functioning even better. But to respond to your question, that 1,150 was a planning figure based on budget data. We are still finalizing our estimate, and we hope it will be no more than 800, perhaps up to the possibility of 1,000. And we hope that we'll capture many of those through normal retirement and the balance to a great extent through this early separation programme, which we floated in '95 – the buyout programme – and which compensates people to focus on early retirement. And the third category will be ones we will hope we can redeploy, because there are vacancies in some parts of the Secretariat, and we hope to get good people in there. And at the very bottom, so to speak, is the unhappy situation where some will undoubtedly have to be involuntarily terminated. And that will be done properly through a joint management process, the A&P Board, and so on.

LITTLEJOHNS: A&P, Appointments and Promotions Board.

HALLIDAY: Exactly.

ROWE: And this is all taking place in the context of a much broader financial crisis for the United Nations. What can we expect, say, a year from now in terms of future lay-offs, given the constraints that are being placed on the Organization? Are you already planning to deal with that?

HALLIDAY: No, we are being as optimistic as we can, and we're hoping that the Member States will realize that this is not just another year of financial difficulty, but it's a genuine crisis. And that's what the Secretary-General and Joe Connor have endeavoured to do.

LITTLEJOHNS: Connor is the chief financial officer.

HALLIDAY: He's the Under-Secretary-General for Administration and Finance.

LITTLEJOHNS: But essentially chief financial officer, is he not?

HALLIDAY: Essentially, yes. Though, you know, we have a Controller, Mr. Takasu. So I think – that's a very high political issue which I can't get into, but assuming that Member States face up to the reality of financing this Organization properly, then we are not planning to repeat this performance next year and the year after that.

BASSIR POUR: Well, some of the problems, of course, are because some of the Member States don't pay their dues, and these same Member States criticize the UN for a bloated bureaucracy and other things that are not functioning well. Since you've taken your post, is this criticism justified, to some measure?

HALLIDAY: You know, sitting in one job in one part of the global Secretariat, it's very difficult to make a judgement of that kind. Undoubtedly, any organization of 10,000 to 15,000 staff has some weaker brethren and those who do not perform, and maybe those who are not managed effectively. And we are addressing this on many fronts: a performance appraisal system, a people-management training programme for managers, more accountability, delegation of authority with monitoring and audit. I think we're doing our best to get a grip on this situation. This crisis of ours is certainly going to focus attention on those who do not pull their weight. And I think that's a positive. And we need to look at this as an opportunity to do better, be more efficient, and perhaps reduce staff in areas where they're not working or not required, or both.

BASSIR POUR: I understand there's a university in Turin, Italy. Is that a Human Resources project also? To train?

HALLIDAY: Well, despite all of this unhappy work that we're involved in now and the low morale that Mr. Littlejohns referred to – which is a reality, there's no question about that – there are some positive things taking place. And one is the concept of the United Nations staff college, which the Secretary-General has had for several years. He

launched it in a sense in January in Italy; he asked me to follow up on it and work with the Turin centre of the ILO to put together a non-campus entity which would have a global network of training establishments, putting together programmes for UN staff, World Bank, NGOs and government officials who work with us on the ground in such areas as peace-keeping or humanitarian assistance.

LITTLEJOHNS: This is **World Chronicle**. Our guest is Denis Halliday, United Nations Assistant Secretary-General for Human Resources Management. Mr. Halliday, the President of the Staff Committee was on this programme recently, and he seemed to be rather critical of the managers in the United Nations. And I understand that you have a management training programme. How do these people become managers if they need a management training programme?

HALLIDAY: Well, in the past the UN has not invested sufficiently, in my view, in developing people-management skills on the part of its managers. Men and women have become managers through their technical skills or simply growing in the job, but, you know, leading a team of individuals – it requires special talent and special skills, and we need to be trained. And that is what we're now doing. Mr. Oummih's concern that managers are not as good as he would hope, I'm sure is something we all share, but that doesn't mean we're not going to work with it, or that we're not going to try to make changes and give these managers both the authority and then the wherewithal to take those decisions that they are in fact paid to take.

LITTLEJOHNS: So will you be firing managers and not messengers?

HALLIDAY: Well, yes, certainly. We're not firing anybody hopefully. But the approach has been top to bottom. So there are D-2 posts that have been frozen, D-1 posts, P-5.

LITTLEJOHNS: These are directors' posts.

HALLIDAY: Absolutely.

LITTLEJOHNS: And P-5 is another top Professional post.

HALLIDAY: Exactly, yes. And so across the board we are freezing posts, at all levels, which does mean that there will be departures at all levels.

ROWE: I'd like to go back to the bigger picture of the broader financial crisis which the UN is living through. I asked you before, you seem to think that, if countries pay up, then there's not going to be a problem and you don't have to plan for future lay-offs. But there is no indication right now that certain key countries are going to pay up, and you're going to be stuck with a financial crisis. So why haven't you begun doing planning for that eventuality?

HALLIDAY: Well, first of all, I think we need to be optimistic that Member States will see that they require a viable Secretariat to meet the programmes and mandates that they give us, after all. Now, we are a very small Secretariat in the real world situation – 10,000 to 15,000 people, given the budget we have, is small stuff compared to many organizations or many national government entities. And I think the Member States have to decide, what is the focus, what vision do they have for us? Give us that, and then the Secretary-General I think can do much better to focus the reality, the ability of the Secretariat where it's most required.

ROWE: I ask the question because, at least in Washington, they haven't been able to focus on this. They can't make up their minds, they can't arrive at a bargain between the Administration and the Congress. So there's chaos in Washington in terms of planning for the UN. Why aren't you dealing with that chaos and trying to sort of anticipate it?

HALLIDAY: Well, that chaos, as you put it, is – Mr. Connor, and others of course, go to Washington with the Secretary-General on a regular basis to try to explain the Organization, explain our requirements and how we need to respond. I think that, being a domestic year, an election year in the States, this is a difficult time to get focused. But I believe the great majority of Member States, although many of course are late in their payments, believe in this Organization, and there's a certain essential core that has got to be sustained, otherwise we cannot continue to carry out the mandates they have given us.

BASSIR POUR: There are a lot of rumours and misconceptions about the level of an international civil servant's salary, for example, when you talk to people who don't know much about the UN. They think the salaries are very, very high, much higher than in their own countries, and that they have extraordinary privileges, such as not paying taxes anywhere. Could you just tell us about these misconceptions?

HALLIDAY: Yes. The United Nations Professional salary scale is linked to the Federal Civil Service in Washington, the domestic civil service, not the foreign service. And there's a 15 per cent mark-up more or less given the cost of living differences between New York and Washington. Now, that does not compare at all favourably with salaries in Japan or Europe, Brussels, OECD, or the World Bank, for that matter. So in that sense we have lost a lot of ground in the last 5, 10, 20 years. This issue of privileges and immunities does not apply to 99.9 per cent of our staff. We don't pay income tax, necessarily, but we pay staff assessment, which is in the region of 30 to 32 or 33 or 34 per cent, very comparable to national –

BASSIR POUR: So that the same –

HALLIDAY: Exactly. Very similar to a national system.

LITTLEJOHNS: And you don't have any other benefits in terms of taxes, you're not immune from sales tax and that kind of thing.

HALLIDAY: No. In fact, many UN staff – Americans, for example, in this country, and other nationals in their own countries – don't get the advantage of tax breaks that somebody else could have in terms of a mortgage, for example. But in terms of sales tax, only those at the Under-Secretary-General and Assistant Secretary-General have certain privileges in that connection.

LITTLEJOHNS: Like you, for instance.

HALLIDAY: Like myself, yes.

LITTLEJOHNS: On this question of salaries, I understand that some Governments are actually subsidizing their staff in the Secretariat, which is a violation of the rules, I believe. But despite the fact that the Secretary-General has more or less called them to order on this they're still doing it. Is that so?

HALLIDAY: Well, I have no evidence that that is the case. If it is happening and continuing to happen, it is to me totally unacceptable. And what it does is it underlines that the Member States who get into that sort of behaviour know perfectly well that the UN system is not properly salaried. And it's cheating us, it's cheating the staff of this Organization, and it's most unfortunate.

BASSIR POUR: But they are aware – I know that in France, for example, I was told that "good people", quote-unquote, won't come to the UN because of the level of the salary, so some Governments are obliged to –

LITTLEJOHNS: This is particularly the case with Germans and Japanese, I think. And the German Government actually has mandated subsidies for German members of the staff, although you say you don't think or you're not aware officially that it's happening.

HALLIDAY: I'm not aware officially that it's happening, and I am aware like you are that there's a certain level of encouragement perhaps going on in Europe and perhaps other places to get good people into the Secretariat.

BASSIR POUR: But you wouldn't be in a position to raise any salaries, I suppose, considering all the criticism right now and the financial crunch?

HALLIDAY: Well, we don't raise salaries. I mean, the ICSC has to recommend, the General Assembly has to endorse –

LITTLEJOHNS: The International Civil Service –

HALLIDAY: – and the budget has to pick up the bill. Yes, sorry, the International Civil Service Commission. And the bill is what it's all about. We are in a budget crisis and cutting back; to add to salaries is a difficult thing to do under these circumstances.

LITTLEJOHNS: Mr. Connor, who has been mentioned previously in the programme, and is of course an American and a former chief executive of Price Waterhouse, the accounting giant, has said that there's a possibility that the United Nations could run out of funds by the end of '96. In that event, what will you do?

HALLIDAY: That's a possibility which is hard to contemplate, because if we ran out of money, of course, we would have great difficulty closing down. Closing ourselves down is in itself an expensive undertaking. People have to be sent home and repatriated and all the rest of it. So I think we're not planning on closure at this stage of the game. But it's certainly something that the Secretary-General has focused on, and Mr. Connor also, but we are waiting to see what happens in June. We have the special session of the General Assembly, I hope, which will have Member States – give them an opportunity to come up with some sort of long-term planning solution to this crisis.

LITTLEJOHNS: Could you furlough the staff, as was done in the case of the United States Government?

HALLIDAY: No. We have checked that out. Our colleagues in OLA, the Office of Legal Affairs, have looked into that, and that is not an option for the Secretary-General.

ROWE: Well, given the fact that staff are not going to be laid off, to what do you attribute the collapse in morale? Is bad management as well involved in this?

HALLIDAY: Well, you may have misunderstood me. Staff will indeed be laid off. As I said, some will be obliged to take early separation, early retirement, which means they take a loss in their pension. But we'll try to compensate through something of a bonus. And others will undoubtedly have to take termination, involuntary termination. It's the numbers, is the issue: Are we talking 300 or 500 or 700? That remains to be seen while we work out the plans that each programme manager has put together.

ROWE: And you say this will be based on performance –

HALLIDAY: Yes.

ROWE: – and I'm just wondering, performance in whose eyes? Because it all depends on the beholder, doesn't it? Is there a committee set up, a joint management union, or is it just your decision?

HALLIDAY: Yes. No, no, no, absolutely not. The process calls for a joint management review procedure, but at the end of the day the programme manager has got to make that decision and make that recommendation to the Secretary-General. He or she is responsible for delivering that mandate. They must have ownership of that problem and recommend accordingly.

BASSIR POUR: If I may change the subject, Mr. Halliday, you've had to deal with some harassment cases in the last two years, at least the department has. I understand that

you have some new regulations on harassment. Could you tell us what you plan to do? And is it just sexual harassment, or other forms of harassment also?

HALLIDAY: No, we are looking at harassment in a broader sense, which includes sexual harassment. And we've come to the conclusion that we are not fully aware as to what the situation is throughout the Secretariat. And with some assistance from the Ford Foundation we're hiring Client Associates, a small company which specializes in surveys, and we're carrying out a global survey to get a real feel of what are the harassment issues in this Organization. And once we have that I think we'll be in a much better position to implement a policy and try to create an environment whereby any form of harassment is simply unacceptable. And then we'll try to put a stop to it, through training and awareness and other devices like that, and if necessary I think we will have to terminate those who are not prepared to work within our system.

And connected to this is our deadbeat dad programme, which we started recently. We have issued warnings to three senior colleagues who failed to meet court order payments in respect of their children, and I finally signed letters which threatened them with disciplinary action within 30 days, and all three have now paid. So sometimes I think when we get tough we get results, and that's something – I think that's something to keep in mind.

LITTLEJOHNS: What kind of disciplinary action could you have taken if they hadn't paid?

HALLIDAY: Well, ultimately we could have terminated their services.

LITTLEJOHNS: A number of the staff, I believe, have permanent contracts, and there was a time of course when this was considered to be more or less a job for life. The situation now is such that it seems that the UN being a career international service no longer is the case. Is that so?

HALLIDAY: No, I wouldn't say that. I think we must have a core career system, but it must be based on the performance of individuals, not their tenure. And those who do not perform even with permanent contracts will have to face the consequences. And therefore we will look at performance, we'll try to respect service, long service and permanent contracts, but ultimately it's the quality of input and the potential for the next 5 to 10 years that will really make the difference in terms of those final decisions.

LITTLEJOHNS: And you're still issuing permanent contracts?

HALLIDAY: No, in fact we have frozen the issuance of permanent contracts for the great majority of staff because we feel that the imbalance between permanent and others has become too high.

LITTLEJOHNS: And the other kinds of contracts are what, for two years?

HALLIDAY: Normally one-year, two-year contracts, renewable, based on performance also.

LITTLEJOHNS: And this applies also to people who are recruited outside the United States? I mean, it's not just Americans you're talking about.

HALLIDAY: Of course not. No, it applies to all our staff. We treat all of our staff identically.

LITTLEJOHNS: Mr. Halliday, thank you very much for joining us on this edition of **World Chronicle**. You've been a very interesting guest on an interesting subject which has been attracting a lot of attention, down-sizing in governments and in the private sector. Thank you for being with us on this edition of **World Chronicle**.

Our guest has been Denis Halliday, United Nations Assistant Secretary-General for Human Resources Management. He was interviewed by Trevor Rowe of National Public Radio and Afsane Bassir Pour of *Le Monde*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle**.

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